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# An Overview of the European Union's Preferential Trade Agreements

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Bob Ross

# **An Overview of the European Union's Preferential Trade Agreements**

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### Summary

- The European Union plays a major role in world trade, accounting for 39 percent of world exports and 37 percent of world imports in 1999, including intra-EU trade. In comparison, the United States held 12 percent of world exports and 18 percent of world imports.
- The EU currently has free trade or customs agreements with 27 countries and is negotiating accords with 15 more. These accords usually eliminate industrial tariffs over a 10- to 15-year period, but exclude most farm goods.
- The EU is the major exporter to countries that already have free trade or customs agreements with the Union: 60 percent of their imports in 1999 originated from the EU compared to 8 percent from the US.
- Among those countries likely to have a free trade accord with the EU by 2005: 16 percent of their imports came from the US compared to 34 percent from the EU.
- About 33 percent of total world exports in 1999 were covered by EU free trade and customs agreements, compared to almost 11 percent of world exports for US free trade accords.
- The EU grants 171 developing countries preferential access to European markets for many products through its Generalized System of Preferences (GSP). Brussels also gives the 77 poorest African, Caribbean, and Pacific (ACP) countries even greater market access—except for many agricultural goods—through the EU-ACP Partnership Agreement.

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